

5
- 50

COSMOPOLITAN VIEWS

*Gough
wells
1869*

OF

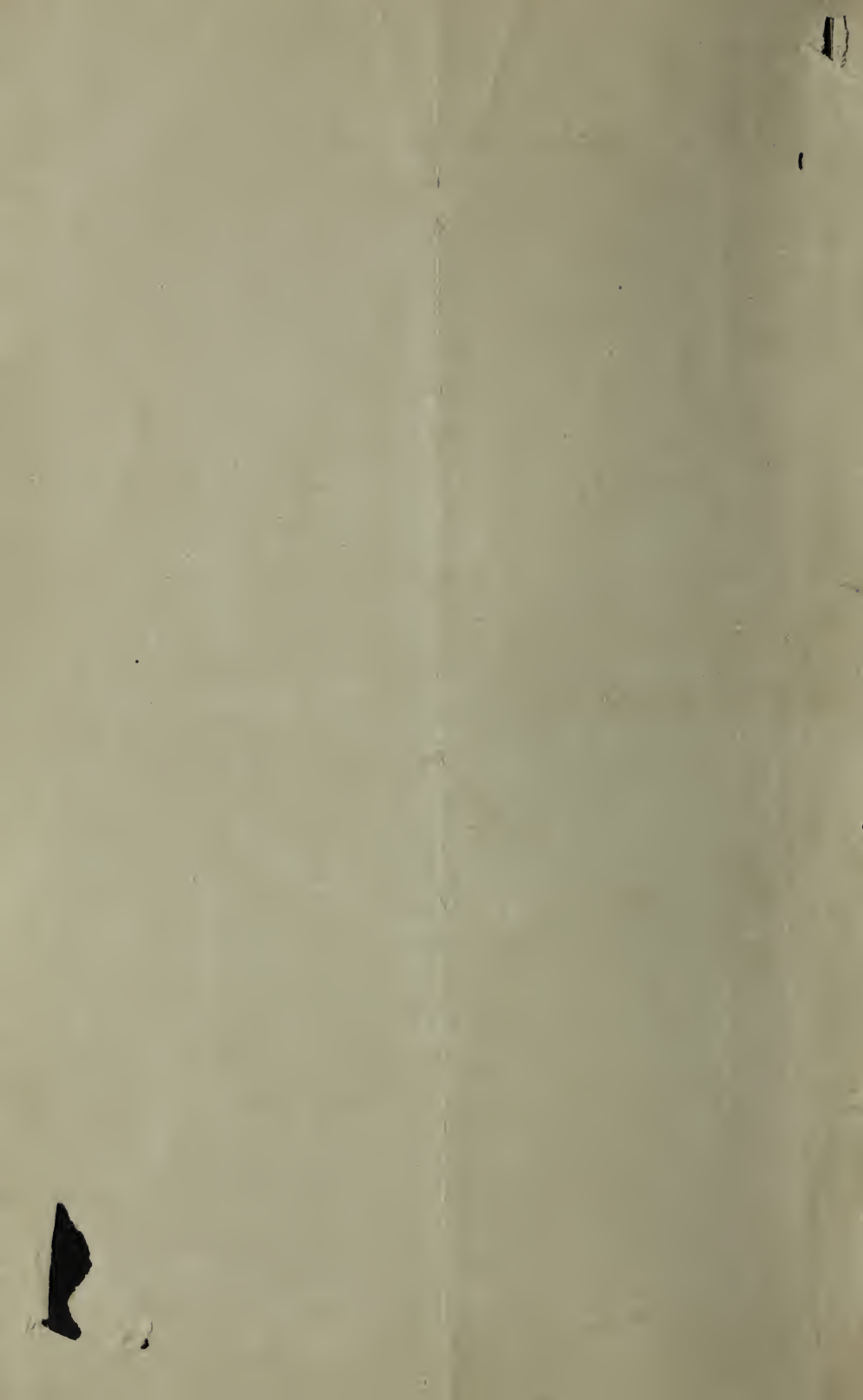
AMERICAN FINANCE,

BY CHARLES BOWLES,
OF THE AMERICAN BANKING-HOUSE OF BOWLES BROTHERS & Co.,
IN PARIS, NEW YORK AND BOSTON.



PHILADELPHIA:
J. B. LIPPINCOTT & CO.
1869.

[Small sketch of a sailboat]



FIFTH AVENUE HOTEL.

New York, November 10, 1869.

Gentlemen :

In response to your kind and very general Editorial notices of my letters, please accept the Pamphlet mailed you with this.

A glance at the Map and Telegraph-Clearance Sheet which preface and illustrate the letters, will do more than any words to convince the public of the just value of the ideas they convey.

As giving the familiar and comprehensive view of our Country from abroad in its natural Geographical relations, it should inspire us, with at least the same faith which our foreign friends have shown in us.

Please mail a copy of your valued paper in which these points may be discussed, to

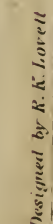
Yours very truly,

CHARLES BOWLES,

Fifth Avenue Hotel.

TO THE PRESS OF THE UNITED STATES.

BY CHARLES BOWLES.



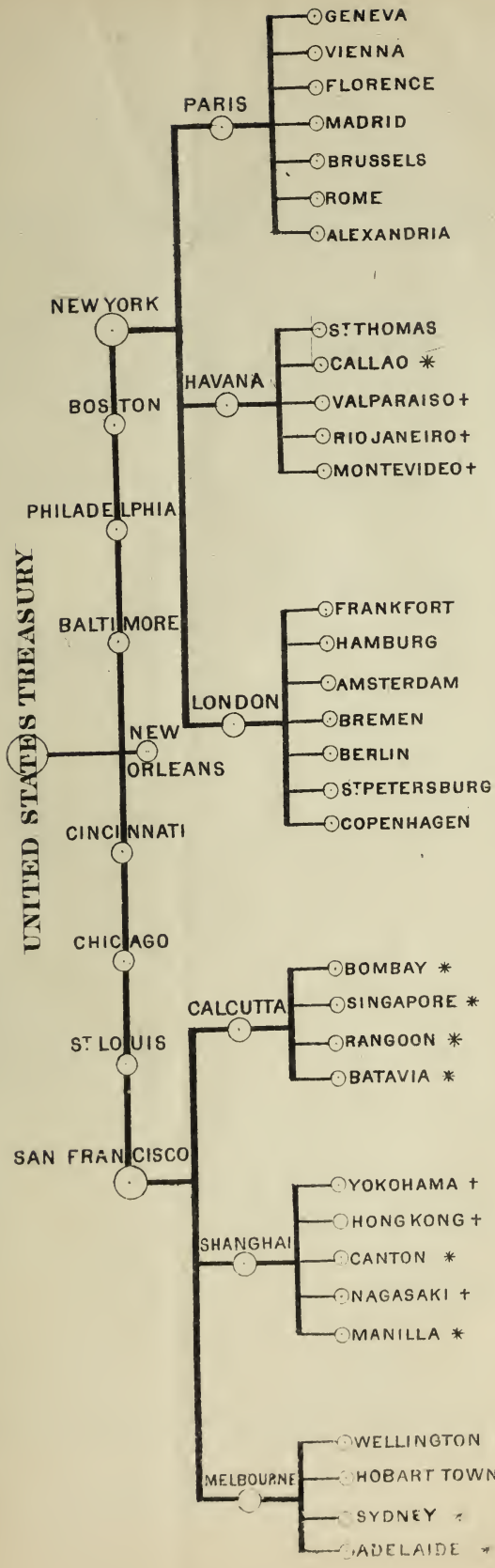
Designed by R. K. Lovell

INTERNATIONAL SYSTEM OF TELEGRAPHIC CLEARANCES

in Connection with the proposed issue of

UNITED STATES TRIPLE CURRENCY CONSOLS AND DEMAND NOTES

by
CHARLES BOWLES,
 OF THE AMERICAN BANKING HOUSE OF BOWLES BROTHERS & CO.
 IN PARIS NEW YORK & BOSTON



This arrangement will be revised in detail as time and practical experience may suggest
At present all places not indicated, clear now through some one of the above named centres
 * Places marked thus, clear now through London
 + Places marked thus, clear now through London or Paris

336.73
B681c

7-10-18

On Funding the National Debt.

LETTERS TO HON. GEO. S. BOUTWELL,

SECRETARY OF THE TREASURY,

AND TO

THE PRESS OF THE UNITED STATES.

HOTEL BEAU-RIVAGE,

GENEVA, Aug. 9th, 1869.

HON. GEORGE S. BOUTWELL, Secretary of the Treasury
OF THE UNITED STATES OF AMERICA,
WASHINGTON.

SIR:—In our brief interview at Washington two months ago, I had no opportunity of laying before you an American view of our country's finances from a foreign standpoint. Finding you so much occupied, I thought to postpone the matter until my next visit, but the rapid development of these great interests, and the appearance of a new growth of the dangerous errors cut down but not uprooted by the last Congress, impels me to address you in anticipation.

RATES OF INTEREST.

And, first, regarding the rate of interest.

It is understood here that you are urged to recommend to Congress the issue of a $4\frac{1}{2}$ per cent. long gold loan.

Our 1865 six per cents. are quoted in New York, to-day, at $123\frac{1}{2}$, or 91 in gold, while our five per cents. of same date of issue are quoted at $115\frac{7}{8}$, or about 85 in gold, showing a difference of about six per cent.

This disproportionate difference should be mainly owing to the longer term of the ten-forties, and the now near probability of the substitution for the five-twenties of the new long bonds at still lower interest.

When, therefore, our six per cents. reach par in gold, our five per cents. will be at 94. As the six per cents. shall become redeemed, these five per cents. will unquestionably reach par in gold. It is, then, fair to presume that when the five per cents. shall be redeemed at par, at expiration of their ten-year term, a four per cent. long gold bond, which shall have been meantime issued, with not less than thirty or more than forty years to run, would in turn command nearly par or somewhat better than the present price of English Government three per cent. consols.

This difference of one per cent. is not too great, and yet is great enough.

For us to offer four and a half per cent., or one-half as much again as England, would be to admit weakness, and to underrate our own strength. It would be one of those half measures which some timid people are so fond of adopting, and has an

air of compromise about it, which we expect to find only in those who doubt their own credit. It appears to solicit credit, instead of commanding it, which we have the right and the power to do.

It may be urged that four per cent. would not be a sufficient inducement to our own investors, and that at this reduced rate we cannot count upon the present amount of foreign investments.

Exemption from taxation would place these bonds on an even footing with most other money investments in our country, and the amount of capital commonly loaned at low rates or lying idle in our Banks, Insurance and Trust Companies, would gradually be absorbed thereby.

These long four per cent. untaxed bonds would always be in demand for settlements, estates and trusts of all kinds, which investments, as our country grows richer, are steadily increasing.

Many persons in Europe have been tempted by the high rate of interest to invest in our bonds. The great majority of such investments have been made in the face of supposed risk, and by the more daring and less conservative class of investors. A very large proportion is even now held by speculators, or by business houses for the employment of balances. It is closely questioned, whether any large percentage of our bonds has been bought for permanent investment by the great capitalists and moneyed institutions. The very uncertain term of the bond itself would almost confirm this doubt.

But, while the high rate has been the inducement thus far, it is equally unquestionable, that that very rate has been a ground of distrust and discredit. If one banker's paper is offered in the street at 7 and 8 per cent. per annum, while all other good paper is selling at 3 and 4 per cent., what does it signify? And who buys it but sharpers and venturers?

It is firmly believed that a four per cent. United States *untaxed* gold bond would to-day, or soon, command the attention of another and far more serious class of customers, viz : the *bona fide* capitalists and investing agents of conservative Europe.

EQUALIZATION OF INTEREST RATES.

We should also remember that we rate ourselves and are rated as one of the Great Powers of the World; why, then, should we pay a greater rate of interest than our peers?

In answer to this question, we can properly reply that four per cent. is not a greater rate of interest for our country than three per cent. is for others.

Population, Capital and Property have accumulated and appreciated in this Old World, while scarce or undeveloped with us.

With time, confidence, and the creation of proper channels, they will all be equalized, and rates of interest, as they *fall* with us, may *rise* with them.

And four per cent. would seem to be the mean rate.

THE TERM OF THE LOAN.

As regards the term of the loan, we should remember that forty years is a long time in these days of progress. Forty years ago there was not a steamship, railroad, or telegraph in existence!

Who, then, shall say what the *coming* forty years will bring?

A thirty years' bond would be long enough; or, if thought essential, then let the option of redemption in not less than thirty or more than forty years, lie, as now, with the Government. Thirty years from the first of January next, will bring us to the year 1900.

Young nations, like individuals, may grow rich, and few of us doubt that ours

will, or would be surprised to see this debt sensibly reduced before the dawning of the twentieth century.

THE UNIFORMITY OF CURRENCIES.

Great changes are taking place in the channels of trade, and consequently in the centres and controlling points of capital.

Paris is steadily gaining ground as the future clearing-house of Continental Europe, at least, if not of other parts of the world.

The present year has already seen the issue and general circulation of the Spanish Franc piece; and thus, in France, Belgium, Italy, Rome, Switzerland and Spain, among nearly one hundred millions of people, the franc is in circulation as the standard coin.

Prussia and Austria are ready to follow; and even England, with all her prestige, and consequent prejudice, is proposing through her Chancellor, Mr. Lowe, to conform the Pound Sterling value to that of the new twenty-five Franc piece. Let us hope that ere long a uniform system of weights, measures and coins will supply the world with an international language of Trade and Commerce.

REMOVAL OF BARRIERS TO PROGRESS.

The cobwebs of ancient routine are being swept away by the telegraph and other rapid communications. We may to-day receive in Paris a telegraphic reply from New York almost as soon as from London, and generally much sooner than from Vienna and other Capitals.

With the great money markets of the world thus practically united, rates of interest so widely differing cannot long be maintained. But a short time will suffice to remove the barriers of old routine and prejudice. Capital will then flow in upon us as surely as water flows down hill upon removal of its dams.

The Banks of Europe, by telegraph to San Francisco, and steam to Shanghai, are placing their gold and silver bullion in China within thirty days of time. The cash trader, in any even distant part of America, can, by the telegraph, receive advice of shipments, and place funds in Paris to meet the drafts against the same before the mail, which brings those drafts from any point outside of France, can arrive! He will no longer pay commissions for advances; for with Paris and London within a few hours communication with New York and San Francisco, the long credit system will remain useful mainly for those who need the accommodation.

THE WESTWARD TENDENCY OF TRADE.

The Great Eastern is now preparing to receive and lay the Anglo-Indian cable. There will then remain to be achieved but the Pacific cable to the isles of Sandwich and Japan, and thence to the Chinese mainland and Singapore, thereby completing the telegraphic circuit of the globe. Where then will the Pacific seaboard clearances take place? At San Francisco.

The Chinese have endorsed and sent us back in token of good will, our honored friend and ambassador, Anson Burlingame; and if this feeling, with the present immigration from China keeps on, we may soon have an Eastern demand for our bonds and other securities like that of Germany. Why not? Thrifty John Chinaman will soon find out that hoarding Spanish dollars, which rust and pay no interest, is poor economy.

At all events, it is probable that with the appreciation of our National credit, the development of our resources, and the present westward tendency of trade, long before the expiration of a thirty year bond, our present debt will be as insignificant to a United America as the debt of England would to-day be to a United Europe.

OTHER IMPORTANT POINTS.

This great union of trade interests, through a common language and common centres united by the telegraph, should result in a co-operative international Tariff, and solve the troubled problem of Free Trade upon a principle similar to that of the Cobden-Chevalier Reciprocity Treaty with France. This and many other important points are suggested by the realization of the revolution now in progress. But we will not discuss them here.

FALLACY OF TAXING FOREIGN BONDHOLDERS.

The telegraph advises us that a proposition has been started and supported by one of our leading journals, to tax the foreign holders of our bonds.

It seems incredible that anything so fallacious and mischievous could gain a hearing. It is only by thus creating doubts of our good faith that our national progress can be checked. To find in a country men of high position proposing to partially nullify an honest obligation, would alarm any one who did not consider the blind extremes to which our peculiar institutions and their factions sometimes carry their representatives.

Every fifty or hundred dollar bond of the United States held by a foreigner, makes of that holder an ally and an added strength. He becomes an agent for the enlightenment of his circle, and for the encouragement of emigration to our country. Shall we then, in petty pursuit of a few evading taxpayers, nullify our obligations, thereby discouraging the hopes and destroying the confidence of our European friends, by taxing indiscriminately with these evaders, our allies and future emigrants?

The new issue of 4 per cent. untaxed Gold bonds will settle this question; for although the present 6 per cent. bonds are free from taxation by Government contract, real or implied, the average State tax of about 2 per cent. on the capital, will be covered or discounted in the new bonds by an equivalent reduction in the interest rate; and holders of existing 5-20 bonds, which are already redeemable, at Government option, will have to consent to have such of them as may be selected for that purpose, *paid off* at a fixed day *at par in gold*, or else accept a long 4 per cent. bond in exchange.

OUR FOREIGN TRAVEL.

There is in our country a large class of people who look upon our citizens who travel or reside abroad, as a loss or cause of loss to the country. Doubtless some of these strayers from the swarm are unpatriotic, and many of them extravagant. But it is a great mistake to measure this subject from a financial or economic view alone. The great bulk of our people only leave home to appreciate it the better on their return; and those who do not, can be, as citizens, scarcely worth retaining.

This superficial view of our foreign travel induces many to adopt that exclusive and selfish policy, which would, if carried out, wall our country against all ingress or egress.

But what is the fact? These people bring back with them a higher appreciation of our own institutions; a greater respect for law and order; and a much enlarged knowledge of the world. Many of them, it is true, get false ideas, but these are exceptions; and nearly all of them bring back information and refinements, both artistic and useful.

CONFIDENCE IN OUR FUTURE.

Perplexing and retarding as are these fallacies, which in this as in other directions are so constantly arising, and which seem to be only dispelled to arise again in some other shape, they are after all but spots on the sun. They are but surface flaws

upon the rapidly cooling and shaping iron of our body politic; and those of us who have a well-grounded faith, wait patiently to see them hammered out by criticism as they come to the light.

Trusting, Sir, that these plain views from a distance may be of service to the Government, and to you, Sir, as its Financial Director, in whom we have such confidence,

I have the honor to remain, with deep respect,

Your Servant,

CHARLES BOWLES.

FIFTH AVENUE HOTEL,

NEW YORK, October 2d, 1869.

HON. GEO. S. BOUTWELL, *Secretary of the Treasury.*

SIR:—I had lately the honor of submitting to you from Europe the views of some of our citizens and friends, there resident, upon the high stand which must be taken with regard to our Finances.

As a supplement to that letter, it becomes necessary to put forth some plan or means of accomplishing the policy therein urged upon you. It was thought wise, before exposing these views, to compare them in this country with those of the corresponding class of earnest men who, thoroughly awake to the importance of the policy about to be adopted, will now come forward in support of their Government.

Realizing that from a natural love of retirement, or dread of notoriety, we have too long held ourselves aloof, we now remember that as a Nation we govern—or pretend to govern—ourselves, and are consequently identified with and must profit or lose by and with our Government.

OUR WANTS LESS THAN GENERALLY BELIEVED.

The amount of indebtedness for which we are now required to provide, is much less than is very generally believed. Referring to your last Statement, we find the following amounts which may be left unchanged for the present and some time to come:

Bonds at 5 per cent., issued before March 3d, 1864.....	\$ 27,022,000
Bonds at 5 per cent. (10-40) issued under Act March 3d, 1864.....	194,567,300
Bonds of 1881, at 6 per cent.....	288,677,600
Currency debt, Legal Tenders, Gold Certificates, Postal and Fractional Currency, and Accrued Interest.....	526,673,056 09
	\$1,031,939,956 09
5-20 bonds at 6 per cent.....	1,602,669,900
	\$2,634,609,856 09
Less balance on hand.....	166,114,783 98
Total debt, as per Statement October 1st, 1869.....	\$2,468,495,072 11

The 6 per cent. 1881's and earlier maturing bonds can be promptly met by our resources accruing before. The 5 per cent. 10-40's will not press for conversion even when redeemable, as their rate of interest is not so oppressive, and they, too, can be converted when expedient. The currency and other debt, while it remains thus limited, can be controlled with comparative ease, and diminished, if advisable, from

accruing resources. There remains, then, \$1,600,000,000 of 5-20's, with which we have alone to deal. Of this, an amount of \$300,000,000 is absorbed by the National Banks, and can be converted at will by Congress into the new bonds bearing 4 per cent. interest. A further amount of \$100,000,000 may be provided for from the reserves and sinking fund by the time we shall be ready for the conversion. This would be at the expense of the application of reserves above noted, but could be afforded.

Thus we arrive at a residue of \$1,200,000,000 at most, for which Government has to come into the money-markets of the world, including our own. That this reduced sum will be readily found on the lowest terms, should not only be our trust but our conviction, for our personal conviction is perhaps alone necessary to its supply.

THE QUESTION OF FOREIGN CAPITAL.

Regarding the rate of interest already dwelt upon, some points demand a further consideration. The payment of an interest rate even a shade or trifle higher than is just or proportionate to that paid by *any* other Government, would not only lower our national position and credit, but it would re-act upon all our future transactions and commercial necessities.

It is useless and foolish to sentimentalize about our having ample means and being independent of the rest of the world. We invite foreign labor and do all we can to get it; and capital is the counterpart or sequence of labor.

In the great South and West we need men and money, labor and capital, and we must look to Europe and Asia to supply both.

But they must not cost us too dear, and we must realize that in now fixing the rate of interest which our Government shall pay, we are establishing a precedent or standard by which all the immense international transactions of our coming flood time will be gauged. We must fully realize that in fixing the rate and term of a national engagement to which every one of us is a party, we are acting for our whole generation and lives, if not for the future. To see this, it is necessary for those unacquainted with foreign countries and capital, to understand one great and radical difference in the relative position, viz: that while our people are the controlling power and the Government their subject and instrument, in other countries the exact reverse is the case; the governments control, while the people are subject and separate.

The present great source and centre of capital is in Europe, and that capital is more or less directly controlled by the particular government under which its interests lie and upon which they depend for protection. The more powerful, because arbitrary, governments thus naturally obtain money upon easier terms than ours, while all money rates are influenced, in a greater or less degree, by their government standard. Every mill of interest then, paid in excess by our Government, would subject our private interests and money-seeking public enterprises to a corresponding overtax, as compared with theirs. This would not only clog us in all competition with them, but in turn affect the general rates of interest here, and for a time, at least, our whole community of labor would be unduly taxed by capital. It is impossible to overrate the importance of such a consideration, or to estimate the loss or the check to natural growth which might ensue in time from the payment of just one seemingly unimportant half per cent. per annum too much.

As *individuals* we may pay Europe all she asks or dictates; but as a nation, if we borrow her money, it must be only at a fair rate fixed by us, in view of its future bearings upon our people; else must we supply our National wants among ourselves, even if we have to borrow in turn for our own more temporary wants.

TERMS OF THE NEW LOAN.

Let Congress authorize the issue of \$1,200,000,000 of 4 per cent. gold bonds, guaranteed in the bond free from all taxation, and payable at option of the Government, in not less than twenty nor more than forty years, from January, 1st, 1870.

This optional term would harmonize the various views of those who advocate a short or long term, and of those who do not think the debt could or should be sooner paid, and would leave these disputed points to settle themselves in the future.

The bonds should be uniform in date, term, and all other particulars, so that one bond would replace another anywhere. This uniformity is almost indispensable, in order to avoid the complications of supply, &c., and the confusion of differing quotations.

To obtain this uniformity, and still have the faculty of partial payments, it would be well to subdivide the issues into series of \$100,000,000 each, with the right of payment by series, if more convenient, when due.

The new century will thus find us in position to control, if not to pay off, our debt in full; for it would then be easy, if necessary, to make a new loan upon at least as good, if not upon even better, terms.

It is, however, argued with cause, that with a present yearly surplus of over one hundred millions, we may have to buy up our bonds before maturity, at a premium, as has already happened to us.

Our taxation will doubtless be reduced, but a reduction, or a wiser distribution of taxes will not necessarily abate our income.

The steady increase of our population and of taxable property; the development of the West; the recovering prosperity of the South, largely increased even by free labor and Chinese immigration to our cotton-fields; the continuance of peace, and of our enormous crops, all seem to insure the maintenance, if not the increase of our present revenues, even with reduced taxation.

Indeed, one by no means small difficulty in forming any financial plan for payment of the debt, is the conviction which forces itself upon one who studies our resources carefully, that the debt will be covered before we wish or become aware of it.

HOW TO POPULARIZE THE LOAN,

Such a position as is here shown forth, within a few years from the ending of our stupendous and costly war, should, of itself, insure the taking of the new loan. But we must not trust solely to the strength of our cause.

The new bonds should be made payable in the three standard currencies of the world.

Each bond would then represent its face in dollars, or their equivalent in francs or sterling—gold for gold, at the rates fixed by our mint, and expressed upon the face of the bond. Government agents should then be appointed from among our own citizens, in the capitals or money centres of all countries, to cash the coupons at their face, without loss or deduction of any kind. This can be done without difficulty in these times, for these agents, even when distant, can be reimbursed almost in the same day, by telegraphic cable transfers from the Sub-Treasuries of New York and San Francisco.

There must be no jobbing in this. The position of a government agent must be a high one, and the dignity, credit, prestige, and other advantages, collateral to the holding of the Government account abroad, will be sufficient recompense. In places of minor importance, a fixed and uniform allowance or salary would cover any difference.

In the appointment of these agents abroad, the Government has to go over the same ground as its foreign citizen-bankers in their circular credit systems, and their

experience should be availed of. In this, sir, you can count upon their cheerful and gratuitous co-operation, both in Paris and London, in which two points alone those systems centre and are directed. This co-operation might take the form of a joint committee, and thus avoid all preferences.

Such a committee would at once possess great dignity and power to aid the Government.

It is likely that the Government will receive apparently disinterested offers of aid from many quarters, as soon as our strength is seen and acknowledged; but it will not be strange, if, on close inspection, they discover some scheme for personal profit, or a bid for the Government account and its pickings. They will all fail; for if money is to be made, the Government should make it; and again, there is no reason why these Government agents abroad should be better paid than its officers at home.

UNITED STATES TRIPLE CURRENCY CONSOLS.

These UNITED STATES TRIPLE CURRENCY CONSOLS would then circulate around the world, anywhere on the line of the telegraph, and we should have hard work to keep them at home.

The policy of making our bonds or coupons payable at any particular foreign point, has been opposed, and with apparent reason, upon the grounds of our distinct nationality, and that it would lower our national dignity, by tacitly and officially ceding the superiority of other money centres to the discouragement or disavowal of our own. Yet our bonds will go abroad, and one great problem has been how to prevent them from deranging our finances, by coming home to their place of payment too abruptly, or in undue quantity, in time of public commotion here or in Europe.

The above policy is expressly designed to meet and reconcile these conflicting points: for, by making the bonds and coupons payable at our Government Sub-Treasuries or agencies in all countries and three currencies, we shall lose no prestige, while we shall gain, with other things, a greatly increased steadiness in their circulation.

They will, of course, tend to remain in any locality where they may be negotiable or payable without loss; and once located as an investment, they will thus, as a rule, have no temptation to move, except with their holders, which is not objectionable. Their whereabouts, when desired, will be in time more or less accurately known by the coupon reports from the different agencies.

The only counteracting influence would be their popularity as a medium of circulation, arising from their availability in this international character; but this would be quite as well for us in other ways, as it would add immensely to our commercial prestige, and hasten our day of financial control.

OUR NATION NOT LIMITED.

If we were a distinct Nation like the English, French, German, Russian, or Chinese, the exclusive policy might furnish grounds for criticism of this plan. But our Nation is not a distinct one, nor even originally so, and therein lies one great element of our strength and source of our true pride; it is composed of all nations, and we invite and count upon all nations to join us in the development of the great resources of our common country.

Upon this higher ground, if we use and benefit by their money at fair rates, why should we not consult their convenience? We know that our bonds are now, and will be hereafter, largely bought and held by our own citizens and their friends abroad; men who have returned to their native lands with such high faith in our country's honor and resources, that they not only invest themselves, but induce all their friends to invest in our securities; men who have been born or naturalized among us, but are withdrawn and detained elsewhere by obligations of duty, family

or health. Some of our wealthiest citizens are thus absent, but they do not for that cease to be our citizens at heart. And many more whom local oppressions make anxious to join us, but whose ties withhold them, are with us at heart, and earnestly watch our welfare for their children's sakes.

We are a Cosmopolitan Nation, and should throw aside all sectional prejudices. Our citizens are all over the world, and we should show them that we are ready to protect and favor them wherever they may be.

THE UNIFORMITY OF CURRENCIES.

In the matter of the unification or decimal assimilation of moneys, as recommended by the International Monetary Congress of Paris, during the Exhibition of 1867, the action of Congress is urgently recommended.

The present Mint value of French Gold is .19 3-10 cents to the Franc, and of English Gold \$4.84 to the Pound Sterling.

How much will all this be simplified, and how much labor, time and trickery will be economized when, by a change now so easy for us to make, the Franc will represent just twenty cents, and the Pound Sterling, after the slight reduction proposed by Chancellor Lowe, will represent just five dollars, or twenty-five francs.

The U. S. Triple Currency Consol of \$1,000 would then be current everywhere at £200, or Fs. 5,000, actual par.

This change is sure to be general, sooner or later, and should be anticipated by our action.

The simplest way would unquestionably be for Congress to adopt that policy simultaneously with the action upon our finances. It would do more than anything else to facilitate the currency, not only of Government, but of all other and future bonds on the Continent, and would necessitate the same action on the part of other countries, if they would retain their international commerce.

We should but precede England in this, for the motion is noted to come before the next Parliament; and we *should* precede England in a progressive measure of such high importance, if we mean to compete with her at New York and San Francisco for the world's future clearances in the East and West.

OTHER SUGGESTIONS.

A suggestion has been made that the Treasury Officers should be authorized to loan their gold deposits on call to the mercantile community for payment of duties, upon pledge of Government Consols. It is evident that whatever the Government can do with propriety to aid or facilitate those upon whom its heaviest tax is laid, or to protect them from further imposition on its account, should be done.

Another and more important suggestion is, to add to the Registration Bureau a Department for the Trust Deposit of Consols, and to legally authorize such Deposit and Trust for any time within the term of the Bond, thereby enabling Donors, Testators, Trustees, and all public trust officers, whether of the General Government or of any State or Corporation, to divest themselves by legal authority, of irksome responsibilities.

The Government might thus fitly become the Trustee and sure protector of its helpless or incapacitated citizens of every age and sex.

This idea may be, for some unknown legal or other reason, impracticable, but surely nothing could give more strength to the Government or satisfaction to our people, and no other measure would sooner popularize and absorb our Bonds at home.

These and other new features will arise to aid the circulation and popularity of the new Bonds, and it will soon appear how little cause we have to fear any unfavorable result of this policy.

A POPULAR LOAN AT HOME.

The first issue of new consols might be of one-third of the entire amount, say four hundred millions. Upon the opening of the subscription, it is believed that we shall vie with each other in showing how much each can do to aid it. Our public spirited men, large holders of bonds, will not wait to see and act by others' example, but will at once signify their readiness to convert or subscribe. We will take this opportunity to show our pride and faith in our institutions.

When the French Government last applied for a loan, more than three times the amount was at once subscribed. And a very large proportion was in small amounts—country people, farmers and laborers, quite as well as the large capitalists, having the honor of this.

Shall we then, self-governed and directly interested, do less than these subjects of a despotism, wise and intelligent though it unquestionably is? The mere supposition is unreasonable and humiliating. On the contrary, we shall be disappointed even if the whole amount of the loan is not quickly called for, or three times the amount at first to be asked.

With the reserves and sinking fund, four hundred millions would be enough to cover the first issue of five hundred millions 5-20's, 1862; but how great and desirable would be the effect of a full subscription, covering the twelve hundred millions, and what strength and prestige would it not give us in all parts of the world.

A date should be fixed at least three months in advance, upon which the subscription will be opened, in order to give time for co-operation from distant points.

Simultaneous with this, should be the announcement that on a fixed date the conversion of existing Bonds will begin, at which date such issue or series of an issue, as may be first selected, will cease to bear interest, and be either paid in gold at par, or exchanged for the new long Bonds at par, at holders' option.

A feature little understood by the public generally is, that the existing 5-20 bonds are redeemable at any day after 5 and before 20 years from their date of issue, at sole option of the Government. They are now current at about 93 in gold, but the first official payment in gold, at par, of no matter how small a portion, would raise the whole of the outstanding Bonds to par in gold, and finally settle all adverse questions. It would be a precedent against all reaction or retrogression.

The conversion would then continue as fast as the placing of the new Bonds should supply the means.

A GENERAL SUBSCRIPTION.

The subscription should be made as general as possible. It should be opened with authority at the National Banks, and all Agencies, both at home and abroad, as well as at the Treasury.

A clear, concise statement should be published in local papers, at home and abroad, appending the names of agencies willing and authorized to receive the subscriptions. We should thus reach the people; and the people will respond, if we mistake not, in such a manner as has hardly been seen before.

This plan and policy may be objected to as too general, or too comprehensive; but, if it is so, the fault lies in our institutions—not in this policy, which is their natural result.

The Government of the United States appeals to its citizens. Where are its citizens?

Allow me, Sir, in closing, to express to you our renewed and continued confidence in you, and your administration of our Treasury Department.

That these views may serve you, and be incorporated—when approved, with your

own and others—in the measures to be adopted by the coming Congress, is the hope of those I represent, and of

Very respectfully,

Your obedient servant,

CHARLES BOWLES.

PARKER HOUSE, Boston, Oct. 16, 1869.

To the Editor of the * * *

DEAR SIR:—In reply to your remarks of yesterday's date upon the plan for funding the National Debt, submitted in my letters to Mr. Boutwell, I must object decidedly to your partial quotations and wrong constructions of my meaning. In discussing so grave a matter, it would have been better had you placed my letter in its entirety before your readers, (as did the *Tribune* of yesterday) instead of attacking its bases in its absence from your columns.

I will reply to your remarks categorically, and as concisely as possible.

First. I neither "advised" nor "asked for" any banking or trust departments of the Government, but under the heading of "Other Suggestions" submitted certain current ideas for which precedents exist. As to doing "a banking business," it is hard to see the difference between doing this directly and doing it indirectly by guaranteeing the national bank circulation, except that in the one case the profit goes to the Government, and in the other to the banks.

Second. I not only do not "stipulate for the payment of the coupons in New York, London and Paris," but one distinctive feature of the plan submitted is, that any and all specified places of payment are purposely avoided, as tending to make us apparently tributary to other nations or money markets.

Third. You say that I assume "that such an announcement would immediately raise the value of five-twenties to par in gold," and you quote them at 90 when the issue of 1862, which is the standard in Europe, has been current at about 93 in gold for three months past.

I must again deny having made any such assumption. The plain words of the letter are: "They (the 1862's) are now current at 93 in gold, but the first official payment in gold at par, of no matter how small a portion, would raise the whole of the outstanding bonds to par in gold, and finally settle all adverse questions." I simply re-affirm these statements. Our 1862 bonds are but *seven per cent.* below par, and a payment of any series of that or other issues at par in gold would set this question of currency payment and all similar doubts at rest. This doubt once finally dispelled by an actual—even though partial—coin payment, their relative price as compared with English three per cent consols at par would be about 145. But they cannot rise above par, because they are due and payable at par to-day if Government wills. So will be the ten-forties in about five years. This is another reason why they are so low; short or overdue bonds offering no inducements to capitalists for investment, but only for speculation or for the employment of balances.

Herein lies the explanation of the seeming inconsistency of Secretary Boutwell and the bankers; the simple secret of "the magical power by which the minds of men are to be so transformed that they will eagerly give more for four dollars a year than they will for six."

They will, perhaps, give par for a long term 4 per cent. gold bond when they will not give par for an overdue 6 per cent. bond, about to be redeemed, and tainted with doubts of its coin redemption.

Fourth. When you quote what I say upon stimulating subscriptions, if you had added its following and exemplifying paragraph, which gives as a precedent the three-fold success of a loan similarly handled by the French Government, your criticism would have lost its point. In styling this "sentiment," and saying that "the national pride and faith of men have rarely filled treasuries and never diminished public debts," your first statement finds also ample refutation in the public and private subscriptions of our late war-times and others, while your second point is only good because ours is the only great public debt that has ever been diminished at all!

Fifth. As to a return to specie payments, which I appear to you to lose sight of, I would suggest that although this may not be visible from one stand-point, it may be from some others. The number is daily increasing of those who believe with Secre-

tary Boutwell, that one of the first ways to reduce taxation is to reduce the expense of interest that creates it, and again, that the appreciation of our national credit to its just value, and the measures naturally consequent thereupon, will be certain, sooner or later, to carry the currency debt to par with it, whence specie payments will ensue.

However unquestionably right it is to reduce the inflation, many doubt the wisdom of a policy which would just now contract the currency, and by the consequent convulsions ruin one-half of our community, thereby also disabling them from the payment of taxes, when, with patience, the appreciation of the national credit, under the steadfast policy of our Secretary, will gradually but surely accomplish the same end.

By inserting this letter in your paper, you will give these corrections the same publicity which your criticism has already enjoyed, and oblige

Your obedient servant,

CHARLES BOWLES.

TO THE PRESS OF THE UNITED STATES.

FIFTH AVENUE HOTEL, NEW YORK, Nov. 1st, 1869.

GENTLEMEN,—I take pleasure in thanking you for your generous and impartial editorial criticisms of the 20th ult., upon the financial plans lately submitted by me.

Discussion, the most ample and open, is just what is wanted. The supposition that a portion of the community may be already enlightened on this wide and grave subject, should not be allowed to check or limit this discussion. No one can be fully enlightened, and the wisest are just those who seek to know more through a free interchange of ideas; while the great bulk of the community have been so muddled and mystified by lengthy speeches and longer treatises from either ignorant, oblique or interested points of view, that they give up trying to sound these questions, and carelessly or wilfully adopt the theories, right or wrong, of their party leaders. No *true* leader of public opinion desires this, and no power based upon the ignorance or blind fealty of its supporters can long endure.

THE BALANCES OF FOREIGN TRADE.

The small and rapidly dwindling party in favor of payment in depreciated currency, extenuate it as the effect of disease upon our body politic, but justify and excuse it upon the ground that it cannot be remedied. Why? Because "the balances of foreign trade are and have been against us for eight years past, and we have been paying them with our bonds; when, therefore, our bonds shall have all gone abroad and have been absorbed by these debtor-balances, we shall have nothing left to pay with, and must, therefore, fail to pay all." This is the first and most plausible argument of this party. It pretends to say that, premising these trade debtor-balances to continue unabated, and that our country will stop or go back in its swift progression and development—that its present, to say nothing of its future resources or assets, are so deeply mortgaged as to be not only insufficient, but *exhausted* and unable to bear further loans or strain upon them. What simple fools those foreign bankers must be to be offering us their millions by hundreds for *any* term at *any* per cent.!

But the above premises are palpably and utterly false, and no one knows this better than those shrewd financiers of Europe who see our mineral and agricultural wealth as it glitters through the meshes of countless iron roads and telegraph wires, or glances from our great staple fields in the reflected light of our rising power.

Our extravagances are but those of success, and our importations have been and are largely of material for our recommencement in national life, naturally only to be supplied from foreign sources during or just after our distracting and exhaustive war.

Those trade balances will soon tell another story, of successful improvement upon the ideas and resources of our predecessors, and that progressive improvement will not stop till the Pacific coast shall swarm with the commerce of a *Newer* England, and the regeneration of the East shall go on from its *Eastern* controlling points of trade and commerce.

THE COLLATERAL BEARINGS OF A REDUCED INTEREST RATE.

In its editorial of the 20th inst., the "Boston Daily Advertiser" remarks that the proposed "saving is but about twenty-five millions per annum, and, therefore, just so

much less of an object;" and asks, later, "Is it wise to bid so eagerly for foreign capital?"

These views are not only fallacious, but the editor seems also to fall into the common error of considering only the Government interests, so limited and temporary when compared to the immense international monetary transactions affected thereby, and at this time only commencing or just commenced. There are sources of capital that would perhaps have long remained sealed to us but for the war, so aptly called "The great teacher of geography." The interior populations of all the older countries, with the comparatively few exceptions of some favored districts enlightened by returned emigration, have only begun to know and justly appreciate the United States since that great international lesson of misfortune.

The French Revolution changed the currents of Europe, but this American Revolution is changing the currents of the world.

We are now but beginning to feel the warm flood of sympathy and support that will gradually but surely people our wastes, and fill to excess all our channels of communication, financial with others.

It is these considerations, and the fact that the Government interest rate affords, as heretofore explained, a gauge or indicator of all credit, whether of an individual, a State, or a corporation, which should impel and govern our action at this critical time.

And it is precisely these high convictions, from their nature scarcely attainable at home, which, added to the power of viewing this country from the distance *necessary* to see and comprehend it *as a whole*, gives to our large-minded citizens while abroad such unswerving confidence in its future.

This confidence, and the elation it begets, have been ridiculed alike by cavilling critics as the excess of blind patriotism. It is more than patriotism. It is Faith.

ITS BEARING ON STATE AND OTHER OBLIGATIONS.

As an example of the bearing of our Government funds and their interest rate upon our other securities both at home and abroad, we have but to look at the Massachusetts State Sterling Bonded Debt.

These five per cent. gold bonds, before the war, when they were known only in great foreign money-centres, were current at above par, but now the Government bonds so compete with, overshadow and affect them, that Mr. George Walker, the State envoy to Europe, who had every support and co-operation from the authorities, could get no better offer for them than 83 per cent. upon their sterling par of £225 to the \$1000 (or about 90 per cent. upon actual par.) The ill success of Mr. Walker's mission has been attributed to other causes, which doubtless had their influence, but they were really small as compared with the above. Commenting upon all this, the "Springfield Republican" says:

"The Massachusetts financial mission to Europe can hardly be called a failure, perhaps, when it has brought home to us so sharply as it has, the lesson that we are trifling with our credit, and the unwelcome fact that our bonds no longer command the supremacy in the foreign markets which they so long held among all American securities."

Would you remedy this, and give back to our country and to Massachusetts the world-wide confidence of all? It is not lost,—only overshadowed. To do this you have but to fund the United States debt at its just rate of four per cent. by the issue of untaxed gold bonds; and when thus relieved of their parent-competing bonds of questioned reputation, your State bonds will not only go back to their *ante-bellum* price, but exceed it in just so much as the number of intelligent customers or investors has been increased by and since our triumph over the Rebellion and these its sequent difficulties.

The case above cited will be confirmed as a test by the late experience of all similar State, Rail Road and other money-seeking enterprises of the day. No reflection is meant upon the distinguished English Bankers who have for so many years protected the Massachusetts State finances abroad. Their good services have hardly been sufficiently appreciated. They cannot help it if the State allows its credit to be injured, nor if it leaves them alone to protect it by a questionable rejection of the fair offers of others.

The stock value of these Massachusetts five per cent. 30-year bonds as compared with English three per cent. Consols, when at par, is 139 $\frac{3}{4}$, and they should command at least 120 in gold, when reinstated and compared with our future four per cents. at par.

If, then, the removal of the Government debt by funding at four per cent. should appreciate a State or corporation debt nearly thirty per cent., even though a little time and patience should now be necessary to recover this rightful position, who will attempt to estimate the saving in millions upon all similar values at home and abroad, or the added impetus to our power and progress which shall ensue, upon our release from such a tax?

The fact, as the "Advertiser" remarks, that "money in England is plenty at two and a half, while through the United States it is in active demand at seven to ten per cent.," is in itself no proof of its justice or permanence, and, moreover, is just what we should and will do our utmost now to change.

The French Government pays more than the English, by the lower ruling price of its bonds, but this is simply because the doubt of its permanence is greater—a doubt which does not attach to ours. On the contrary, the feeling is gaining ground that while we are emerging safe from all our trials, Europe is upon the threshold of one still more severe; and this feeling must soon tell in favor of our bonds and all our other securities, when once our Government credit shall be re-established.

CURRENCY QUESTIONS AND DIFFICULTIES.

It is not just to state, as do the "Advertiser" and others, that were we to resume "specie payments, a purchaser of bonds at present prices would receive but about five per cent." The bondholder would receive still nearly six and one-half per cent. in gold upon present cost in gold, and the fact of payment in a depreciated currency does not affect this. The one hundred and twenty dollars in *currency promises* which were given in exchange for a one-hundred-dollar bond, were only worth ninety-three dollars in gold.

As to facilitating credit importations, and other speculations, as is objected,—it is evident that the present vagrant, many-issued and fluctuating six per cent. bond is a much greater stimulant to speculation, both in itself and in its demoralizing influence upon trade, than will be the funded and located four per cent.

DISCRIMINATION IN FAVOR OF GOLD BONDS.

The reflection of the "Advertiser" upon the new loans being made payable, principal and interest, in gold, as a discrimination against the present depreciated currency, is an important one; and while we hold that the Government has a right, like individuals, to regard its own interests first, it should, doubtless, consult and harmonize all interests, if possible.

It would seem almost certain that the currency question must soon come to a point, and meet its solution. This may be precipitated by an unfavorable judicial decision upon the Legal Tender Act. Perhaps the free-banking plan, put forward by Hon. Charles Sumner, in his late speech before the Worcester Convention, will, *in its further development*, meet this emergency. At such a time, and with such provisions as would assure the safety and co-operative approval of the National Banks, this may be not only possible but become indispensable. But in the place of Legal Tenders and of the National Bank issues, the Government should prepare itself for the *one and uniform* issue of gold demand notes to any legally incorporated Bank, upon pledge of its new gold bonds.

TRIPLE CURRENCY DEMAND NOTES.

Among other provisions, these notes might be made payable in triple currency, similar in this feature to the proposed Triple Currency Consols. Their denomination, and all prominent features, should be as now, and it would only be necessary to insert in the body of the note that they would be redeemed by our Treasury clearing agencies at their equivalent in francs or sterling, to make them available in all foreign countries, and to greatly increase their circulation and consequent utility as a valuable medium in the interests of our foreign relations.

This uniformity of feature in the demand notes with the new bonds is eminently desirable. The only distinction should be, that while the rate of exchange should be fixed at our Mint value in the bonds, *in the demand notes* it should *not* be so specified; for we expressly wish to locate the bonds by giving them a fixed place and rate of coupon payment in any and all countries, thus removing the main cause of their vagrant and oscillating character; while, on the contrary, we are desirous of making the demand notes an international medium of circulation, and for this we should make them in character uniform with the bonds, but leave them to be bought and sold freely, like other Government bank notes. Our foreign agencies would only

intervene, if needed to protect them from causeless depreciation or abuse before they should be well known.

Our United States bank notes formerly circulated in Europe as do those of the banks of England and France to-day. Even large shipments of our present Greenbacks have been and are being made to Europe, for sale to coming immigrants. In the surely coming time of international assimilated decimal currencies, this feature of our circulation will give us a great advantage among nations.

In connection with this plan of a triple currency, it is often asked why the money of Frankfort, or Berlin, should not be considered and included? The simple reply to this is, that Frankfort is now in Prussia with Berlin, and Prussia, with her usual foresight, has already signified her intention of conforming her currency to the international decimal standard. Austria has done the same, and before long the present large number of complicated German currencies will give place to a common standard in all continental Europe, of which the franc will be the base.

The objection that "our Treasury officials would be badly matched with dealers skilled in all the mysteries of exchanges," will lose its force when all mystery of exchanges shall have been solved; and even now the Treasury agencies, with clearing houses of known repute and wealth at the few great money-centers, can be paid with stated amounts or salaries, the rates of exchange or reimbursement at New York and San Francisco (by cable transfer from the Sub Treasuries) being well known, and as entirely under the control of the local Treasurer as of any other plain purchaser.

ALL OBSTACLES BUT TEMPORARY AND LOCAL.

The remark is frequently made that the present aspect of our money market is not such as to excite sanguine expectations; and in the city article of the London *Times* of the 15th inst., we find the following: "The gold gambling in New York has produced an uneasy feeling with regard to all financial affairs in America, and has caused business in United States bonds to be much restricted. It is stated to be a matter of universal surprise that Mr. Boutwell should think such a moment opportune to meditate a reduction of the interest of the debt by a free conversion." Similar reflections are by no means unfrequent.

It is annoying, but perhaps not surprising, to find friendly as well as prejudiced minds so influenced by the nearness of obstacles entirely local and temporary, as to excite hasty judgment and criticism.

The action of Congress, through its committees, upon the policy and requirements of the Treasury Department, demands both time and care. The opening of this policy, and the searching discussion upon it which is needed and invited, does not necessarily imply that Congress will immediately act upon it; for although we are personally convinced of the practicability of these measures, upon the grounds and terms now set forth, we wish to *prevent* rather than to *cause* any hasty action. In order to accomplish these aims, the mind of the public, both borrower and lender, here and elsewhere, has first to be prepared for such important changes; and we cannot entirely fail of our object, for we shall achieve something if we prevent the funding of the debt until it *can* be done at four per cent., or less.

EVIDENCE IN SUPPORT OF A FOUR PER CENT. RATE.

In support of this position we cannot expect or wish Secretary Boutwell, from the very necessary reserve of his policy, to declare himself definitely, and we can only surmise what he means when he speaks of "not exceeding four and a half per cent." But we have the expressed opinions of Hon. Charles Sumner and Hon. Robert C. Schenck, chairmen respectively of the leading committees in the two houses of Congress, who both insist upon four per cent., and whose opinions have not been expressed without strong convictions and well advised grounds.

We have, also, ample unofficial support from all sides, among which is the quotation from the London *Economist*, in the New York *World* of Oct. 26, viz.: "Still it ought to be well understood that rich and growing communities, like America and England, really have their enormous debts under command, and can pay them off, barring accidents, in a very few years, if they choose to postpone other objects to the extinction of their debts; and that, too, in our own case at least, without feeling the burden very much." * * * * "By proper management, at any rate, the United States should be able to borrow at four per cent., and until this is accomplished the financial administration of the Government cannot be entitled to any very great credit." The *World*, in reprinting the article from which this is an extract, endorses the *Economist* very justly as "by far the ablest financial journal in the world,

and the organ of the best financial minds in England." Further evidence can be multiplied, but is unneeded.

With determination we should try to effect the funding of our debt at four per cent. *now or as soon as we can*, but with the same determination to *wait till we can* and not to do more.

THE SUMMING UP.

The current view of this whole subject from abroad is summed up in the following words of the London Times, of the 29th instant:

"The security of the Americans' public faith is excellent, but their liability to alter the terms of the contract against the will of the creditors would render their best security bad. The only sound rule to give capital courage to permeate the Union is, that 'a bargain is a bargain,' and that it is a sufficient reason why one party is bound to keep it that the other party to it has made his arrangements on the faith of its being kept."

We complain of taxation at home and do not see the enormous tax which, upon these grounds, *capital* is imposing upon us from abroad. We complain of our foreign trade-debtor balances and do not see that they arise from the causeless sacrifice, *at two-thirds price or less*, of our exchangeable values, which just as much represent our labor as do our other exports of Cotton, Corn, or Gold, upon the future crops of which they are in fact mortgages.

This general condition of things is the result of misunderstanding, quite as well as of popular blindness; but, from whatever cause it arises, it must now end, and our enemies or financial parasites must no longer profit by it.

It is curious to an impartial looker-on to note, that while one party proves that specie payments must precede the funding of the debt, another, with equal reason, proves that the latter must precede the former, while a third insists upon the priority of some other of the many vexed questions of the day! One who did not see that we all aim at the same good, but from naturally differing mental stand-points, would be puzzled to understand or arrive at anything. The way to reconcile and harmonize these seemingly discordant views will probably be found in the as nearly as possible simultaneous action of Congress upon the points at issue.

We may, meantime, look forward with hope and confidence to the Funding Bill, which the Committee of Ways and Means shall wisely prepare, as the result of their late experiences in this country and that of their able Chairman in his cotemporaneous travel in Europe; and to a simultaneous reduction and redistribution of our present taxation, leaving the currency questions to force their own solution co-incidentally, and by their own ever-pressing weight.

Trusting that these ideas may be acceptable to you and to the public, and help to stimulate this discussion until its points shall be made clear to all,

I remain, Gentlemen,

Respectfully yours,

CHARLES BOWLES.

WELVE REASONS WHY THE SILVER BILL SHOULD
NOT PASS.

To the Honorable the Senate and House of Representatives of the United States, in Congress assembled:—

1. A fixed relation of value between gold and silver cannot be established by the monetary legislation of any one government.
2. Any legislation ascribing to gold and silver coins relative value as *legal tender* materially different from the relative commercial value of gold and silver bullion will, of necessity, fail to impart the respective money values assigned by law, however successfully it may compel the acceptance of the over-valued metal in satisfaction of debts and contracts.

4. This level of value must come from depreciation in the overvaluing country under excessive acquisition, or from appreciation in the exporting countries by excessive reduction in their supply of silver, or in part from each. (These rates would apply to gold under the circumstances that now make them applicable to silver.)

6. It follows, therefore, that if the United States shall by law make the silver dollar of 412.5 grains an unlimited legal tender equally with the gold dollar of 25.8 grains,—which will be an overvaluation of silver by about 8 per cent. compared with the present old price of silver bullion,—the surplus silver of Europe will be absorbed by the United States, and our gold, or its equivalents, in quantity exceeding our capacity to employ it as a money, in addition to so much of the product of our silver mines as may also seek a market at the United States' mints.

7. It follows further that the level of silver values between this and other countries, which always came in the past, and must come sooner or later in the future, cannot proceed from appreciation in Europe, because we cannot take all their surplus, and because any considerable surplus remaining there will forbid appreciation, while our accumulation and glut of silver must sink its value due to its price as bullion for commerce and exchange, any state law to the contrary notwithstanding.

8. All expectations that remonetization of silver by the United States, or by any number of nations less than a majority in commercial influence, can restore the ratio of value existing prior to 1933, are unfounded and vain, because of the great change in conditions which has arisen under the process of demonetizing silver in Europe, now irreversible except by international compact.

9. Some, if not all of these citizens who ask the adoption of the ver dollar with the quality of unlimited legal tender sincerely lieve that such legislation will cause a substantial equilibrium of lie between the two standard dollars. Some of them would rink with horror from the act if they believed, as we do, that its ect on relative value will be to widen the present difference beeen silver and gold whenever we shall have absorbed all we can Europe's silver, if not sooner. If their faith is a delusion, if the ntrary is true, then an act to make the silver dollar an unlimited gal tender for public and private debts must be legislated disor and dishonesty, inflicting an injury beyond estimate to the edit of the government, and to the character and credit of the ople in whose name and behalf the wrong will have been done.

O. The silver bill, if made law, will substitute as a measure of value that which can have no stability of value in itself, in place of gold, the most nearly constant valuator used by other civilized nations. It will indefinitely postpone the return of that confidence in the people in the government, in each other, and in the stability of rights and values, which is essential to business activity and prosperity; consequently it will reduce the employment and wages of labor, while tending to that labor its poorer price in depreciated money. It will frighten timid capital, driving it out of useful and productive employment. It will impair the value of the savings of the humbler classes, men, women, and children, now made secure by the conservative use, by more than the half, of gold; and worse, it

witnesses on Mr. Boynton's roll. Exactly, we admit them. It is our triumph to see them there. Three questions are in order, with respect to these deponents. First—Who are they? Our readers know them already. They are Jaques Savary and Count Daru. Of what weight are they? The very highest. Their authority is unquestionable, the very best that can be reached on all matters connected with the Bank of Venice. 3d. What Ay, there's the rub for witnesses testify, straight e flat claim. Savary, as brought out, shows no credits derived their pre-nsic superiority of the for them, but further was insufficient to keep during the progress of Turks," he writes, "the hausted its treasury, suspend payments ce, of which caused uL pay now nof eq tne qm au nom pur und m amug go neaps neri loun as in puble luces

of the money act. It was an act pledging the gold bank, and clipped and reduced coin such as was current in the market.

This we leave Mr. Boynton with his list of authorities. He brought up an imposing ar-number to two, and have shown that testify dead against his position.

A POWERFUL PROTEST.

TWELVE REASONS WHY THE SILVER BILL SHOULD NOT PASS.

At a meeting of the Boston Board of Trade on January 2d, to consider and act upon a memorial to Congress against the silver bill now pending there, the following was adopted:—

To the Honorable the Senate and House of Representatives of the United States, in Congress assembled:—

This memorial by the Boston Board of Trade respectfully represents that the several propositions following are true, and are approved by history, sound political economy, and the opinion of merchants and other classes of practical business men throughout the country.

1. A fixed relation of value between gold and silver cannot be established by the monetary legislation of any one government.

2. Any legislation ascribing to gold and silver coins a relative value as legal tender materially different from the relative commercial value of gold and silver bullion will, of necessity, fail to support the respective money values assigned by law, however successfully it may compel the acceptance of the over-valued metal in satisfaction of debts and contracts.

3. Over-valuation of silver as standard money, by any country, in degree sufficient to afford a profit in exchange by transportation, compared with its bullion value in London, will draw to that country the silver held by other countries at lower bullion value, in exchange for gold or its equivalents in gold-valued merchandise, until a level of silver-value shall have been produced between the over-valuing country and the others.

4. This level of value must come from depreciation in the over-valuing country under excessive acquisition, or from depreciation of silver, or in part from each. (These rates would apply to gold under the circumstances that now make them applicable to silver.)

5. The demonetization of silver in Europe has progressed so far that its completion cannot be stayed, except by international agreement and gold. The sum of silver in Europe already value between silver and gold. The sum of silver in Europe already value between silver and gold. The sum of silver in Europe already value between silver and gold.

6. It follows, therefore, that if the United States shall by law make the silver dollar of 412.5 grains an unlimited legal tender, it will undervalue silver by about 5 per cent. compared with the present flow to the United States in exchange for our gold or its equivalent, in quantity exceeding our capacity to employ it as money, in addition to so much of the product of our silver mines as may also seek a market at the United States' mints.

7. It follows further that the level of silver values between this and other countries, which always came in the past, and will come sooner or later in the future, cannot proceed from appreciation in Europe, because we cannot take all their surplus, and beation, while our accumulation and glut of silver must sink its value to its price as bullion for commerce and exchange, any statute law to the contrary notwithstanding.

8. All expectations that demonetization of silver by the United States, or by any number of nations less than a majority in commercial influence, can restore the ratio of value existing prior to 1873, are unfounded and vain, because of the great change in conditions which has arisen under the process of demonetizing silver in Europe, now irreparable except by international compact.

9. Some, if not all of these citizens who ask the adoption of the silver dollar with the quality of unlimited legal tender sincerely believe that such legislation will cause a substantial equilibrium of value between the two standard dollars. Some of them would shrink with horror from the net if they believed, as they would, that the relative value will be to widen the present difference between silver and gold whenever we shall have absorbed all we can carry; if true, then no act to make the silver dollar an unlimited legal tender for public and private debts must be legislated dishonestly, inflicting an injury beyond estimate to the people whose name and behalf the wrong will have been done.

10. The silver bill, if made law, will substitute as a measure of value, the most nearly constant valuator used by other civilized nations. It will indefinitely postpone the return of that confidence of the people in the government, in each other, and in the stability of rights and values, which is essential to business activity and prosperity; consequently it will reduce the employment and wages of labor, while tending to that labor its poorer price in depreciated money. It will frighten timid capital, driving it out of useful and productive employment. It will impair the value of the savings of the humbler classes, men, women, and children, now amassed in productive loans and in active use, by more than the depreciation which the proposed law will enforce; and worse, it

will destroy the faith of these sufferers in the ideal protection of their rights by government. By its shock to credit it may so contract the operations of trade, foreign and domestic, as to reduce the commercial price of the produce of the farm, the shop, and the factory, and then offer payment to the producers only in money having 8 to 10 per cent. less buying power than gold always has. In the long run it will render debtors less able, if not less willing, to pay in silver dollars, than they would be to pay gold dollars under restoring and invigorating power of that standard.

11. Many citizens, and others do not care to deny, that the use of silver equally with gold, at an established ratio of value, through business affairs, and to the highest welfare of mankind.

12. Argument that seems unanswerable is made here and in Europe, showing that the proposed law to establish the silver standard in the United States, if enacted, will hasten and complete the demonetization of silver in Europe, by giving to Europe our depreciation of silver hereafter; and, on the other hand, that if the United States will retain its gold, adding thereto what may be needed in the course of trade and negotiations, postponing any monetary legislation here, will constrain European powers to seek the universal remonetization of silver in their own interest.

Therefore, the Boston Board of Trade cordially protests against the enactment of any law whereby the silver dollar shall be made a legal tender beyond the sum of ten dollars in one payment, until the principal nations of Europe shall concur in a general remonetization of silver, and prays that present legislation upon the subject of coinage may be limited to the promotion of negotiations with other powers for universal bi-metallicism.

A Weighty Matter. (From the Chicago Journal.)

The silver dollar of our daddies—which, by the way, the daddies voted a nuisance—weighed 412½ grains, and is a nice coin to carry in one's pocket, if only one be carried.

Two of these coins melted will make a cubic inch of silver.

The man who receives \$20 salary a week, and gets pay in the dollar of our daddies, must carry home in his hand, pocket, sllug, or other convenient place, over a pound of silver metal.

To be paid a debt of \$100 in silver would be a calamity, necessitating the assistance of a stout boy to enable the receiver to carry home the money burden of nearly six pounds avoirdupois.

The sale of a house or lot for \$1000, coin in hand, if paid in silver, would necessitate a cart or express wagon to haul the money around, there being nearly 60 pounds of metal in the bargain.

The daily sales of many city firms amount to \$10,000 or \$12,000 each, and if silver was in universal circulation, every evening might witness the overburdened cashier of each of these firms wending his way to the banks to make a deposit of his 600-pound pack-load of money, which would make a cubic foot of silver—since \$9.80 in silver dollars would make a cubic foot of coin in a box, and \$12,481.76 a cubic foot of silver in a solid lump, the first weighing some 500 pounds, and the latter some 700 pounds, avoirdupois.

The sales of a noted Chicago firm lately netted \$150,000 in one day. To carry this amount in silver to the banks would require a train of pack mules or freight wagons—the entire weight of the money equalling over 8000 pounds avoirdupois, and requiring over 100 cubic feet of vault room after it got to the bank.

Imagine all the firms and banks of Chicago, New York and other cities of the Union doing business with silver dollars. Would n't it be the greatest nuisance of the age, just as the silver enthusiasts are now the greatest nuisance of the day?

In figuring weights in connection with the proposed silver dollar, the following table,

though discarding minor fractions, will be found sufficiently accurate in general results:

Silver dollar, table of weights.—One dollar makes 412.5 grains Troy; \$18.16, 1 pound avoirdupois; \$100 make 51 pounds avoirdupois; \$500 make 273 pounds avoirdupois; \$1000 make 55 pounds avoirdupois; \$36,000 make 2000 pounds or 1 ton avoirdupois; \$1,000,000 make 55,000 pounds avoirdupois.

SIFTING A CLAIM.

SOME days back, Mr. Moody Boynton sent us a communication in regard to the disputed credits of the Bank of Venice. We printed his letter at once. If the subject will pay for the room, we never deny an opponent the chance to state his case. But we had not intended to criticize Mr. Boynton's plea. Of late our space has been filled to the last inch with matters of more immediate interest, and, to be frank about it, we did not think that his arguments needed a reply. We have understood, however, that our silence is misconstrued, and, now that we have elbow room, far be it from us to leave a stumbling block in the path of any seeker after the truth.

The point in dispute is narrowed to a question of weight of evidence. No living writer can possibly know anything about the credits of the Bank of Venice of his own knowledge. From the nature of the case every statement in regard to it must be founded upon some authority of the past, unless the maker has evolved his basis out of his inner consciousness. The infallibilists claim that the premium enjoyed by the Venetian credits was "a real superiority of legal money of account over the commodity gold, and over gold currency." The opponents of the paper theory explain the bonus by showing that the credits of the bank were reckoned and paid in money whose standard was purer and surer than that of the debased coin current in the open market. Here is an issue direct, distinct and momentous.

The first men support their erroneous view by a single prop. Take that away, and their whole case falls to the ground. They rest entirely upon a description of the Bank of Venice in the "Ways and Means of Payment," a work written by Stephen Colwell of Philadelphia. This author died in the present decade. It goes without telling that he also drew his information from foreign sources. All that he knew on the subject was learned at second hand. Mr. Boynton states that Colwell presents a digest of fourteen authorities, and that this abstract leads to the fourteen deductions which the Massachusetts Greenbacker has drawn. We might object that several of these inferences stand quite in the air for they are without a particle of support from anything to be found in the "Ways and Means of Payment." But let that point pass. Our present business is with Stephen Colwell, not with Moody Boynton. Beyond question the Philadelphia economist is responsible for the assertion that the *agio*, or premium, on the bank credits did not spring, and could not have arisen from the superiority of Venetian denials to other current coins, as it was perfectly understood that no coins passed, neither any right to, any, on a transfer to the bank. Colwell undoubtedly tells that to us. The next question is, Who told as much to Colwell? We answer, nobody. Not "fourteen authorities," as Mr. Boynton would have us infer, nor yet one.

That list of fourteen witnesses is a precious specimen of greenback recklessness. Actually, where Colwell has given the title of the quoted work in the original, as well as in English, Mr. Boynton makes a double count. For example, Colwell adduces

Marperger, printed at Leisnitz in 1717, and translates it as "Marperger on Banks." Mr. Boynton acting, to appearance, in perfect faith, and without suspicion of the absurdity, adds two names to his roll. Of his fourteen witnesses three are duplicates, mere creatures of the imagination, like Fausta's "three misbegotten knaves in Kendal green." A fourth is a miscount, pure and simple. A fifth, Mel'harrison's Annals of Commerce, is cited by Colwell not as an authority, but for contemptuous refutation; an extract from it being branded as "one of the many loose and imperfect accounts of the Bank of Venice which have long been in circulation." Already we have sifted the fourteen authorities down to nine. From this diminished band seven more must be taken at a slice, Sanuto, Storck, Broggia, Klenard, Marperger, Postlethwaite and the Encyclopaedia Methodique. Not one of the discharged seven was called by Colwell to establish any point connected directly or indirectly with the dispute in regard to the credits; all were summoned to prove indifferent matters, such as the date of the establishment of the Chamber of Loans, the rate of interest by the Government to the banks, the details of the book-keeping and regulations in respect to the coinage. Mr. Boynton must know that to list these writers as witnesses in support of Colwell's unsound claim is to attempt a sordid trick upon public opinion. Thus the "fourteen authorities" have dwindled to two. One cannot help recalling Prince Henry's ejaculation: "O monstrous! eleven blackmen men grow out of two."

But, it may be urged, there is still a residuum. Our keenest scrutiny has left two witnesses on Mr. Boynton's roll. Exactly, we admit them. It is our triumph to see them there. Three questions are in order, with respect to these deponents. First—Who are they? Our readers know them already. They are Jacques Savary and Comte Daru. 2d. Of what weight are they? The very highest. Their authority is unquestionable, the very best that can be reached on all matters connected with the Bank of Venice. 3d. What do they establish? Ah, there's the rub for Mr. Boynton. Both witnesses testify, straight and strong, against the flat claim. Savary, as Colwell himself has brought out, shows not only that the bank credits derived their premium from the intrinsic superiority of the coin that was paid for them, but further that their own credit was insufficient to keep them even at par. "During the progress of the war against the Turks," he writes, "the Republic, having exhausted its treasury, was constrained to suspend payments at this cash office, which caused some diminution of the credit of the bank; nevertheless, it did not interrupt its regular business. All the evil which it produced was, that those who were afraid resorted to persons who relieved them by giving them ready money for their bank credits, at ten or fifteen per cent. discount." So much for Mr. Boynton's "real superiority" of legal money of account over the commodity gold. As for Daru, we elicit his evidence on this matter in the SUN. DAY HERALD of Oct. 6. His proof, as we then stated, that the premium upon the bank credits represented not an unnatural enhancement of that money over gold, but the proper intrinsic difference between full weight metallic money of high purity, as paid by the bank, and clipped and debased coin such as was current in the market.

Thus we leave Mr. Boynton with his list of authorities. He brought up an imposing array of fourteen witnesses. We have reduced the number to two, and have shown that these testify dead against his position.

number to two, and have shown that
 of London witnesses. We have reduced
 authorities. He brought up an imposing ar-
 was leave Mr. Boynton with his list of
 was current in the market.
 bank, and clipped and deposed coin such as
 tilling money of high purity, as paid by the
 in this difference between full weight me-
 ment of that money over gold, but the proper
 its represented not an unnatural enhance-
 stated, that the premium upon the bank cred-
 day a liberal of Oct. 6, he proves, as we then
 cited his evidence on this matter in the Sun.
 over the commodity gold. As for Danu, we
 "real superiority" of legal money of account
 cont. discount." So much for Mr. Boynton's
 bank credits, at ten or fifteen per
 giving them ready money for their
 resorted to persons who relieved them by
 reduced was, that those who were afraid
 the regular business. All the evil which it
 the bank; nevertheless, it did not interrupt
 some diminution of the credit of
 at this cash office, which caused
 was constituted to suspend payments.
 Republic, having exhausted its treasury,
 the war against the Turks," he writes, "the
 them even at par. "During the progress of
 that their own credit was insufficient to keep
 coin that was paid for them, but further
 minimum from the intrinsic superiority of the
 only that the bank credits derived their pre-
 Colwell himself has brought out, shows not
 and strong, against the flat claim. Savary, as
 Mr. Boynton. Both witnesses testify, straight-
 do they establish? Ay, there's the rub for
 needed with the Bank of Venice. 3d. What
 best that can be reached on all matters con-
 Their authority is unquestionable, the very
 Of what weight are they? The very best.
 They are Jacques Savary and Count Danu. 2d.
 they? Our readers know them already.
 respect to these deponents. First—Who are
 there. Three questions are in order, with
 we admit them. It is our triumph to see them
 witnesses on Mr. Boynton's roll. Exactly,

the right. As Peter approaches, Satan looks out of a window above, and tempts him. Five times the devil appears, as when Peter passes, denying Christ, the cock flaps its wings at crows. When Judas appears, Satan comes down from window and follows Judas out in the procession, and then goes back up to his place to watch Judas, appearing on both sides. As the procession has passed, Judas and the three Marys appear, and the doors are closed. The scene can be repeated seven times in an hour, if necessary, and the natural motion of the clock produces it four times per hour, whereas the Strasburg procession is made but once a day, at 12 o'clock. Below the plaza is the main dial, about thirteen inches in diameter. To its right is a figure of Time with an hour-glass. Above this there is a window, at which appear figures representing youth, manhood, and old age. To the left of the dial is a skeleton representing Death. When the hour-glass approaches the first quarter, Time reverses his hour-glass and strikes one on a bell with his scythe, when another bell instantly responds; then Childhood appears instantly. When the hour-glass approaches the second quarter, or half-hour, there is heard the strokes of two bells. Then Youth appears, and an organ plays a hymn. After this Time strikes two and reverses his hour-glass, when two bells respond inside. One minute after this a chime of bells is heard, when a folding-door opens in the upper porch, and one at the right of the court, when the Saviour comes walking out. Then the apostles appear in procession. The clock also tells of the moon's change, the tides, the seasons, days, and day of the month and year, and the signs of the zodiac; and on top a soldier is constantly on guard, walking back and forward. As the hours advance, Manhood, Old Age, and Death take part in the panorama.

A FEARFUL STATE OF THINGS IN ITALY

THE report upon the administration of public security in Italy has been distributed to the Deputies of the Italian Parliament. The Department of Public Security is under the control of the Minister Giovanni Nicotera. If the figures of this report contains had been placed in the hands of the Deputies before they voted for the abolition of the punishment of death, they might have hesitated in their course. Crimes have increased in fearful proportion. In 1876 the homicides committed and attempted were 3,530; in the first nine months of 1877 they were 3,074, with the probability of surpassing by 300 the number of last year. The first part of the report exhibits a number of the greater crimes committed in the kingdom in the year 1876, and here is the summary of them:—1,949 consummated homicides, 1,581 attempted homicides, 6,288 serious wounds, 68 highway robberies with homicide, 2,231 robberies with other violence, 657 extortions, 29,933 qualified crimes. This is rather a formidable list of crime for one year. The country in which so many murders and killings take place is certainly the last, one would imagine, which would admit the punishment of death.

The chief crimes committed in the kingdom from the 1st of January to the 30th of September of last year were:—1,162 homicides consummated, 1,162 homicides attempted, 4,231 grave wounds, 56 highway robberies with homicides, 1,162 highway robberies with other violence, 263 attempted highway robberies, 12 extortions with sequestration of the person, 34 attempted extortions with other violence, 34 attempted extortions consummated, 38 attempted, 25,174 qualified and consummated robberies, and 1,706 attempted. The arrests accomplished from the first of January to the 30th of September, 1877, were 25,963. During the same period seven places the fabrication of false bank-notes were discovered, 46 seizures of large quantities of notes were made, 27 falsifications and 176 passers of false notes, were taken in the act of passing them. It is not to be wondered at that deputies should say in Parliament that Italy had a sad pre-eminence over other countries of Europe,—the pre-eminence of crime. It is difficult to say what the cause of this may be, but we believe that the partial destruction of the influence of the Church amongst the people may account for it. Strange to say, a like result is being produced in Prussia, where crime has increased since the persecution of the Church began. Assassination, infanticide, bodily woundings, perjury, crimes against chastity, and bankruptcy, have all increased in fearful proportion since 1871.

moment. The question was, whether the debt but the silver question then was of no possible Mr. Edmunds said, no doubt he did so argue, that bonds were payable in gold and silver. Edmunds made in the senate in 1867, to the effect Mr. Matthews quoted from the speech Mr. P. silver be equal in value to gold. small bondholder to pay in silver, unless such It would be in violation of national honor to such faith was that the bonds were payable in gold. The honest import of the pledge of the public by appealing to the conscience of such a nation, against which no one could have redress except sort to the literal construction of its statute. The nation would be in a sad condition to re- law was one thing and the spirit of it another. bond of Edmunds replied that the letter of the dollars, while the man who held a registered to say this interest was payable in silver half ly. Did he understand this senator (Edmunds) two and one-half dollars, payable semi-annually of the public debt was held in one hundred dol- Mr. Blaine of Maine said a very large portion could be used for all small coins. The coin could be redeemed in silver coin. That coin lar. Every interest coupon less than five dol- of the debt of the United States, according to they were used in that act. There was a part would use the terms gold and silver; just as the act of 1869 now with his present opinion of government. It is not to be wondered at that





3 0112 061619612